

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS FOR FISCAL YEAR 2004

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

NONDEPARTMENTAL WITNESSES

[CLERK'S NOTE.—The subcommittee was unable to hold hearings on nondepartmental witnesses. The statements of those submitting written testimony are as follows:]

PREPARED STATEMENT OF THE ALLIANCE TO SAVE ENERGY

INTRODUCTION

My name is David Nemtzw. I am the president of the Alliance to Save Energy, a bi-partisan, non-profit coalition of business, government, environmental, and consumer leaders dedicated to improving the efficiency with which our economy uses energy. Senators Charles Percy and Hubert Humphrey founded the Alliance in 1977. The Alliance is chaired by Senator Byron Dorgan (D-ND) and co-chaired by Dean Langford the former CEO of Osram Sylvania Inc. Our vice-chairs are Senators Susan Collins (R-ME), Jeff Bingaman (D-NM), Jim Jeffords (I-VT) and Representative Edward Markey (D-MA). Over 75 companies and organizations participate in the Alliance's Associates program and with your permission, Mr. Chairman, I would like to include for the record a complete list of the Alliance's Board of Directors and Associates. This list includes the nation's leading energy efficiency firms, electric and gas utilities, and many other companies committed to promoting sound energy use.

The Alliance has a long history of designing and evaluating energy efficiency programs in the United States and abroad. We also have a history of supporting efforts to promote energy efficiency that rely not only on mandatory federal regulations, but on partnerships between government and business and between the federal and state governments. The Alliance to Save Energy strongly supports the energy efficiency programs at the U.S. Agency for International Development (USAID) and appreciates the Subcommittee's past support of these valuable activities. We believe that USAID plays a vital and unique role in supporting efforts to promote the development of sustainable energy policies in developing and transitional countries. USAID's funding for energy efficiency, renewable energy, and power sector reform not only helps to leverage millions of additional dollars in foundation, development bank and other federal agency support, but also spurs the transfer of energy-efficient technologies and services overseas. By working with the private sector to design and implement policies that break down barriers to energy efficiency activities, USAID has been instrumental in helping the U.S. companies enter new markets and further increase sales of their products.

The Alliance has had a great deal of success developing private-public partnerships in countries such as Brazil, India, Mexico, Ukraine, Serbia, and Ghana, often working with USAID. Our work has clearly proven the USAID premise that a strong institutional framework for energy efficiency in developing countries creates jobs, reduces costs, and protects the environment.

Unfortunately, despite these successes there is an alarming trend in funding for vital energy efficiency program support at USAID. During the past few years the clean energy programs, represented first in the Office of Energy and now in the En-

ergy Team within the Office of Energy and Information Technology, have received a cut in funding—with the fiscal year 2004 request (\$8 million) cut to 50 percent of the fiscal year 2001 (\$16 million) funding. Not only are these programs expected to continue to provide the technological support and strategic leadership to the field, as they have successfully for years. These important programs cannot continue their valuable work without appropriate funding. We urge Congress to fully fund these programs, in fact return these programs to their earlier funding levels so that they can do more to improve sustainable energy use around the world.

In addition, the Global Environment Facility (GEF) plays an important role in funding energy efficiency. In addition to increasing energy efficiency, GEF resources have helped poor countries and countries in transition conserve biological diversity, accelerate the adoption of renewable energy technologies, protect international waters and eliminate the use of ozone-depleting compounds. Tackling these critical global environmental problems is good for America and other nations and the Alliance supports its full funding.

WHY USAID SHOULD PROMOTE ENERGY EFFICIENCY: U.S. JOBS AND SECURITY

Energy is absolutely critical to the economic, social and security development of nations. Even conservative projections show that—if left unchecked—future global energy demand would result in impossibly high levels of local and global pollution and far outstrip any reasonable amount of investment or supply resources. High global energy demand would also mean increased energy prices to American consumers and businesses as the U.S. economy competes with others for important but limited energy resources, particularly oil. The typical policy solution to this problem is to produce more energy, and the world will have to produce more. But the option that holds the greatest potential for mitigating our long-term global energy problem is energy efficiency.

Without the strong participation of USAID, we will not come close to realizing the energy efficiency potential in transitional and developing countries. Over the past 30 years, the United States has led the world in developing the energy efficiency supply resource—while our economy has well more than doubled, our energy use has only increased by 27 percent. This is an American success story and USAID is critically positioned to work with private companies, NGOs, universities and many others to transfer this knowledge to other countries so they can use the techniques and technologies we have developed to make similar improvements.

Improving energy efficiency in transitional and developing countries benefits the United States in several ways. One, it opens up new markets around the world for U.S. energy efficiency products and technologies. USAID programs have introduced ten of thousands of international decision makers to the energy efficiency market. These efforts are creating new businesses and jobs in the United States. Two, it improves the lives and economic opportunities of people in impoverished countries, lessening the appeal of radicalism and anti-Western sentiment. Energy efficiency can provide job opportunities not only in the United States but in other countries, all the while lowering consumer energy costs and enhancing physical comfort. Three, energy efficiency mitigates global pollution in a way that actually results in more economic benefit than doing nothing at all. Once again, energy efficiency's ability to reduce pollution is a business and job winner for America.

DOMESTIC ENERGY SECURITY STARTS ABROAD

September 11 and the turmoil in the Middle East remind us of the importance of energy reliability and security both domestically and among our allies and trading partners. Even as we work to try to ensure our economy has adequate, reliable energy supplies, we cannot forget that the energy use of other countries directly impacts both the supply and price of our energy resources here at home.

In fact, pondering strategies to guarantee adequate energy supplies in the United States reminds us how the energy efficiency programs run by USAID help protect and enhance the economies and standard of living of developing nations around the world. It also reveals how—due to the reality of a single integrated global petroleum market—these efficiency programs directly benefit U.S. consumers: by lessening demand for oil abroad, we are helping to loosen supply and hold down price pressures domestically. Quite simply, lowered oil demand in Thailand helps truckers in Tucson. Lowered oil use in Madras helps drivers in Michigan.

Consuming countries such as the United States will only be able to protect our energy-related economic future if we can help lessen demand for oil both here and worldwide. USAID's energy efficiency programs do just that—and in doing so they help Americans as they help developing and transitional nations.

Some of the most destitute countries, lacking many of the basic energy related services USAID can help provide, are the breeding grounds for terrorists. By enabling legitimate governments to meet the needs of their citizenry through basic energy service such as clean water, refrigeration, health care, and lighting, the ensuing economic develop can go a long way in keeping potential terrorists in real jobs with a hopeful future.

THE ROLE OF USAID IN THE ENERGY SECTOR

Although USAID's energy programs do not often receive the visibility of the USAID's more traditional development programs, they are crucial to the goal of sustainable development in the developing and transitional world. While it is impossible to ignore the pressing physical needs of the communities USAID serves, reasonably priced, clean, and reliable energy supplies often play an equally important role in the lives of the world's needy citizens by reducing respiratory illnesses and improving access to heating, lighting, refrigeration, and water. Whether it is clean fuel for cooking in India that helps prevent some of the estimated half-million deaths per year of women and children from atrocious indoor air, electricity for refrigeration in tropical climates that provides the vital link for vaccinations, affordable heat for Eastern Europe that keeps people from freezing to death, or the energy needed to pump and clean water to satisfy the basic subsistence needs of the over 2 billion currently unserved people, energy plays a very central role in the lives of all the world's inhabitants.

Unfortunately, energy supplies in most of the world's countries are not always reliable or safe. Power plant emissions from the combustion of poor-quality coal have fouled not only the skies but the lungs of millions of Chinese; radiation from the failed Chernobyl nuclear reactor in Ukraine has sickened a generation of children; and drought conditions in many parts of Africa have left hydropower turbines quiet and cities dark. In addition, explosive economic growth in most of the developing world, especially Asia, has precipitated a surge in demand for energy supplies. Over two billion of the world's people lack access to reliable supplies of fuel for cooking or electricity for rudimentary lighting and refrigeration, and face even tougher times with large fluctuations in oil prices. Residents in some of the developing world's largest cities continue to experience rolling electricity brownouts, blackouts, and inadequate access to the power grid. These electricity shortages lead to constraints on industry and the commercial sector that stifle economic growth, limit the potential of U.S. foreign trade, and lead to further hardships from unemployment and foregone export revenues. Energy efficiency provides an attractive solution to these problems. Not only are energy conservation programs in developing countries a relatively low-cost alternative to the construction of new hydroelectric or fossil fuel plants, they can also reduce the risk of electricity shortages and increase the competitiveness of the industrial sector. The following are examples of USAID's successes.

Ukraine

In Ukraine, USAID empowers municipalities and the private sector to save energy and provide basic service to members of society most in need. Working with the city of Lviv to develop an energy management strategy, USAID worked to promote the efficiency of an orphanage and school housing many of the Chernobyl victims. Working with U.S. companies and local non-profits, the school and orphanage were weatherized and had a high efficiency boiler installed. The immediate benefit to orphans no longer needing to wear winter coats in classrooms and to the school having enough money to buy books was significant. However, the more important outcome of the project was the hundreds of other schools that have been upgraded or are going to be upgraded based on this model and the new Ukrainian companies that participated in this project now weatherize buildings all over Ukraine. Simply put, USAID helps develop replicable models and the technical capacity to carry them out.

USAID's competitive advantage over other development vehicles in the energy efficiency sphere is two-fold. USAID clearly understands the role of capacity building as the basis for any sustainable energy efficiency program and USAID also recognizes the overwhelming potential of the private sector to drive the energy efficiency development agenda.

Ghana

One of the most successful examples of a national energy conservation program has been Ghana's Energy Foundation. With support from USAID, that the Energy Foundation has helped reduce the inefficient use of energy in most sectors of the economy. The Energy Foundation has worked with the industrial sector to perform energy audits and implement efficiency projects that have saved Ghanaian compa-

nies energy and money. In addition, the Energy Foundation helped energize the private sector to improve energy efficiency by setting up the Ghana Association of Energy Services Companies and Consultants (GHAESCO), which has dozens of members actively pursuing energy efficiency projects. The Energy Foundation has also worked to educate consumers through public awareness campaigns and its Green Schools program that teaches students how to use energy more efficiently.

Helping U.S. Companies.—USAID works to help energy efficiency companies raise awareness about energy efficiency and encourage implementation of cost-effective energy efficiency improvements. USAID funded partnership programs with private industry have recorded \$35 worth of sales for every \$1 spent. The Alliance has worked with USAID on this effort and can report that since 1995, more than 50 energy efficiency seminars in countries around the world, including Mexico, China, India, Philippines, Portugal, Hungary, and Poland, and Thailand. Through these seminars, more than 85 energy efficiency companies have passed on their experience and knowledge to more than 4,000 engineers and managers from industry, hotels and hospitals, as well as representatives from government agencies, and non-profit organizations, and trade associations. Energy efficiency companies participating in the Alliance's "Energy Efficiency Industry Partnerships" seminars benefit from the opportunity to develop new project leads and cultivate potential distributors and representatives for their products and services. As of May 2001, participating companies have reported that, as a result of contacts made at the seminars, projects worth \$6.2 million have been completed, with another \$9.9 million being considered or in the pipeline.

Mr. Chairman, these are not just small companies, but large companies and companies on the verge of expanding and seeing energy efficiency as an important market for investment. Armstrong International, with facilities in Florida and Michigan, is one of the nation's leading manufacturers of energy-efficient industrial steam technologies. Historically concentrated in the domestic market, their strategic planning indicated that if they wanted to grow product sales they needed to expand globally but as a small business, lacked the capability. Then, USAID order some steam technologies from Armstrong for use in energy efficiency program in Bulgaria. Armstrong contacted USAID to find out more and began to take advantage of the market introduction opportunities USAID energy efficiency program made available to U.S. businesses. Taking advantage of these opportunities enabled Armstrong to develop a global presence, greatly expanding the scope of their business, creating new jobs.

There are many companies that have had similar experiences with USAID's energy efficiency programs. Honeywell, with key facilities in New Jersey, Minnesota and Arizona, is one of the nation's largest manufacturers of efficient energy management building controls and energy-saving performance contracting services. These two products, control systems to reduce energy use and methods to provide financing for energy saving upgrades, hold great promise to solve energy waste problems in former communist, transitional countries. Honeywell has partnered with USAID to provide training and private sector expertise to a wide range of USAID sponsored programs and forums. In doing so, Honeywell has expanded its business practice throughout the region. For instance, by helping USAID provide training in the Kaliningrad Oblast on energy efficient district heating control, Honeywell was able to meet key officials and was in perfect position to take part in a \$5 million World Bank loan that Kaliningrad secured to upgrade its system.

In many cases investments in global energy efficiency that the United States makes through organizations such as the World Bank would be underutilized without the ability of USAID to develop the capacity of governments, NGOs and other stakeholders to manage energy use and recognize the various benefits of energy efficiency. For example, the World Bank gave the first of its kind loan to the Brazilian Energy Efficiency Program, PROCEL, solely to promote energy efficiency. For approximately two years the money has sat idle in spite of a crippling energy and water shortage in Brazil. USAID has been working with PROCEL to develop a strategy for utilizing the loan and working with potential loan recipients such as municipal water utilities to develop worthy energy and water-saving projects. In particular, an energy and water management model with the municipal water utility in the city of Fortaleza, Brazil was developed with USAID support. In the first year of the program, five megawatts of energy were saved in Fortaleza while water service was expanded especially in poor areas. The water utility still registered a net cost savings, demonstrating that the energy savings offset the cost of improving water service to the poor.

In addition, USAID has developed critical ties with the U.S. energy efficiency industry and built the potential of local energy efficiency private sector partners. The U.S. Asia Environmental Partnership alone has been responsible for transferring

over \$1 billion worth of goods and services to developing countries since 1992. USAID has supported the development of Energy Efficiency Business Councils in India, Mexico, Ghana and Thailand. These councils combine the resources of many smaller companies to jointly promote the benefits of energy efficiency to end-users. In many cases energy efficiency companies from the United States have lent their expertise to train end users on energy efficient technologies, expanding their markets in the process. These councils have begun to break down barriers to implementing energy efficiency including reducing tariffs on imported energy efficient goods.

These examples clearly demonstrate how USAID's programs serve a unique and valuable function in helping policymakers and other stakeholders in developing countries adopt sustainable energy practices and programs. The Agency's programs have been instrumental not only in replicating the broad energy lessons of the United States, such as the importance of integrated resource planning, competition, and proper pricing, but have also been useful in demonstrating more specific policy measures such as energy-efficient appliance standards and model building codes. In addition, USAID's activities play a role in leveraging the resources of others. USAID's fiscal year 2001 estimates show the highly successful private and public leveraging of these programs. An internal USAID accounting shows that Clean Energy Programs have leveraged over \$213.4 million for sustainable energy activities in such countries as Brazil, Ghana, Guatemala, India, the Philippines, and Southern Africa—leveraging grants from foundations and support from the private sector, the World Bank and others.

RECOMMENDATIONS

Mr. Chairman, I hope that I have helped to demonstrate that part of good governance is found in improving the way in which the world uses energy, and USAID's energy efficiency programs assist this endeavor. Energy efficiency can enhance international security through global governance programs and therefore deserves to garner a significant portion of these additional resources.

The Alliance to Save Energy would like to respectfully recommend the Subcommittee take the following actions to best utilize energy efficiency at USAID.

(1) We recommend a significant increase in funding for USAID's energy efficiency programs. Key energy efficiency opportunities are being missed due to a lack of funds. We recommend an increased funding effort in the transportation, industrial, and water sectors. These sectors are not only pivotal in any true development model and energy efficiency strategy, but they also represent major areas of potential U.S. investment and trade.

(2) We recommend that Congress place a line item in the Foreign Operations appropriations bill for the energy efficiency programs within the Office of Energy and Information Technology in an effort to ensure the survival of these essential programs. Last year, at the direction of this Subcommittee, the Senate bill included such a line item, however this provision was rejected in Conference committee.

(3) We recommend targeted support to energy efficiency throughout USAID by ensuring that Missions have an energy efficiency goal that complements the current goals of the mission. The Bureau for Economic Growth, Agriculture and Trade; Europe and Eurasia Bureau; the U.S.-Asia Environmental Partnership; and the Asian Bureau all have the capacity to do more highly effective energy efficiency activities. In addition, more USAID missions have tremendous potential to take on more energy efficiency activities. Currently, only about 13 of the more than 70 USAID missions have energy efficiency strategic objectives even though all missions could find clear advantages to incorporating energy efficiency into their development strategies.

(4) USAID programs do not systematically take advantage of energy efficiency programs as an element of achieving their strategic objectives. For example, efficiency efforts can play a key role in promoting economic growth (as described above by trade and investment enhancement, business development, and reduced costs); democracy (developing energy efficiency NGOs); and social reforms (using weatherization targeted to low income households to mitigate opposition to energy sector reforms and price increases). This problem is quite extreme even in Russia with its extreme weather, where there is a complete disconnect between USAID's Russian assistance program and energy efficiency.

(5) Furthermore there is often a failure to incorporate energy efficiency into ongoing energy and municipal reform efforts at USAID. For example the Europe and Eurasia Bureau has no strategic approach to the significant energy and environmental challenges facing municipal infrastructure reform in transitional countries. USAID needs to better ensure that energy efficiency is an integral component of ex-

isting efforts (including municipal infrastructure reform; and privatization and other reform of heat, water and wastewater companies).

CONCLUSION

Mr. Chairman, USAID's energy programs assist policymakers, non-governmental organizations, and businesses in developing and transition countries use energy efficiently and economically. Just as importantly, this work benefits U.S. citizens, energy consumers and businesses by enhancing global energy markets. The Alliance respectfully urges the Subcommittee to recognize and support the important work USAID is doing in the energy sector. In addition, we ask the Subcommittee to provide USAID with the funds and other resources to administer and manage their energy programs efficiently. Without an effective organization in Washington and in the field, programmatic resources will not be used to their full advantage.

In short, vigorous Congressional support for USAID's energy programs will help to ensure that countries such as Mexico, India, Brazil, and Ghana are not only able to develop their economies in a manner that is environmentally sustainable, but to take on additional responsibilities to curb greenhouse gas emissions and environmental degradation. Also, by reducing waste around the world, the United States can more easily guarantee its domestic energy supply.

Thank you again, Mr. Chairman, for the providing the Alliance to Save Energy with the opportunity to testify.

PREPARED STATEMENT OF THE AMERICAN HELLENIC INSTITUTE AND THE HELLENIC AMERICAN NATIONAL COUNCIL

Chairman McConnell, Ranking Member Leahy and Members of the Subcommittee, I appreciate very much the opportunity to submit testimony to the Subcommittee on behalf of the American Hellenic Institute and the Hellenic American National Council.

In the interest of the United States:

(1) We urge an amount of \$15 million in humanitarian aid for Cyprus. This aid is an important symbol of U.S. support for Cyprus and of the U.S. commitment to achieving a just, viable and comprehensive settlement. Cyprus was helpful to the United States in the war on Iraq.

(2) We support the amount of \$600,000 in IMET funds for Greece. Greece was helpful to the United States in the war on Iraq, authorizing the use by the United States of the key strategic naval base at Souda Bay, Crete, the important air base there and overflight rights.

(3) We oppose the \$255 million in military and economic aid to the military-controlled government of Turkey in this bill. This amount was proposed by the Administration before Turkey refused to help the United States regarding Iraq. It is composed of \$200 million economic support funds (ESF), \$50 million foreign military financing (FMF) and \$5 million international military education and training (IMET). It should be fully removed from the bill without hesitation. It is unreasonable to give aid to Turkey in view of:

(a) Turkey's unreliability as an ally. Turkey's actions opposing the use of Turkish bases by U.S. troops to open a northern front against the Saddam Hussein dictatorship demonstrated its unreliability as an ally. The Turkish military were key players in the "no" vote. They miscalculated the U.S. reaction. They thought we needed Turkey and that we would give Turkey more dollars, a veto on policy regarding the Iraqi Kurds and access to Iraqi oil;

(b) the fact that the United States opened a northern front without Turkey demonstrated that we did not need Turkey to defeat Saddam Hussein and that Turkey is of minimal value for U.S. strategic or other interests in the Middle East;

(c) the fact that Defense Secretary Donald Rumsfeld stated on Monday in Qatar that the Incirlik Air Base in southeast Turkey is no longer needed to patrol the northern Iraq "no-fly zone" and that the United States has withdrawn nearly all the 50 attack and support planes from Incirlik Air Base (N.Y. Times, Apr. 29, 2003, A11, col. 6);

(d) Turkey's horrendous human rights violations against its citizens generally and in particular against its 20 million Kurdish minority;

(e) Turkey's continuing illegal occupation of Cyprus with 35,000 Turkish armed forces and over 100,000 illegal colonists from Turkey;

(f) our huge deficit;

(g) our substantial domestic needs;

(h) the fact that the Turkish military has “tens of billions of dollars” in a cash fund and owns vast business enterprises including the arms production companies of Turkey;

(i) the fact that Turkey owes the United States \$5 billion; and

(j) the fact that Turkey’s U.S. foreign agents registered with the Department of Justice have contracts totaling \$2.4 million. Since money is fungible, if any aid is given to Turkey, the first \$2.4 million would, in effect, go to these U.S. foreign agents from U.S. taxpayer dollars.

Mr. Chairman, we also urge the Subcommittee to revisit and reconsider the amount of \$1 billion for Turkey in the Supplemental Appropriations Bill for the Iraq war which the Congress passed on April 12, 2003. That amount was part of the \$75 plus billion the Administration requested and which the Subcommittee passed on April 1, 2003. The Iraq war was basically over several days later and we did not need Turkey. We understand that the \$1 billion for Turkey was added at the last minute to the bill. It should be withdrawn by the administration for the reasons stated above. State Department spokesman Richard Boucher stated that the amount for Turkey was “a request not a commitment.” (*Daily Press Briefing*, March 25, 2003.) We urge the Subcommittee to pass language requesting the administration not to use any of that \$1 billion and to return it to the U.S. Treasury.

Mr. Chairman, as a matter of law Turkey is ineligible for foreign aid under Sections 116 and 502B of the Foreign Assistance Act of 1961, as amended, because of its “consistent pattern of gross violations of internationally recognized human rights” in Turkey and in Cyprus. I refer the Subcommittee members to the State Department’s “Country Reports on Human Rights Practices—2002,” released on March 31, 2003, for the 36 page report on Turkey.

On February 26, 2003 we sent a joint letter to President George W. Bush regarding what a senior administration official described as Turkey’s “extortion in the name of alliance” and setting forth the reasons why Turkey is not vital nor needed in the event of war with Iraq. That letter discusses Turkey’s efforts to extract even more dollars from the United States and a veto on actions regarding the Kurds in northern Iraq and access to Iraqi oil. The letter also discusses the moral issues involved including Turkey’s decades-long ethnic cleansing, crimes against humanity and genocidal campaign against its 20 percent Kurdish minority in which the Turkish military has killed since 1984 over 30,000 innocent Kurds and through paramilitary groups assassinated 18,000 Kurds; and destroyed 3,000 Kurdish villages creating 2,500,000 Kurdish refugees.

Mr. Edward Peck, a retired U.S. ambassador who served as U.S. Chief of Mission in Baghdad from 1977 to 1980 stated in an article in the *Mediterranean Quarterly* (Fall 2001) that the Kurds in Turkey “have faced far more extensive persecution than they do in Iraq.”

On December 11, 2002 we sent a joint letter to President Bush on “United States Policy Towards Turkey—Need for a Critical Review.” On September 4, 2002 we sent a joint letter to President Bush on the false and misleading remarks of Deputy Secretary of Defense Paul Wolfowitz on Turkey. Letters were also sent to President Bush on May 9, 2001 regarding the “International Monetary Fund and World Bank Loans to Turkey” and on March 12, 2001 regarding “Turkey’s Financial Crisis.”

Mr. Chairman, whatever foreign aid is given to Turkey (and we strongly oppose any aid to Turkey for the many reasons set forth above), should have specific conditions. The Supplemental Appropriations Bill for the Iraq War contained performance conditions for the \$1 billion aid request for Turkey relating to Turkey’s economic policies and its role as an ally. Conditions on aid to Turkey should also include:

- (a) removal of Turkish occupation forces and colonists from Cyprus,
- (b) full human rights and autonomy for the Kurdish minority in Turkey,
- (c) removal of the illegal blockade of Armenia,
- (d) full religious freedom and protection for the Ecumenical Patriarchate of the Eastern Orthodox Christian Church, and reopening of the illegally closed Halki School of Theology,
- (e) civilian control of the military with the return of the military to the barracks,
- (f) the divestiture by the military of its ownership of the arms production companies of Turkey and its other businesses,
- (g) repayment by the Turkish military from its “tens of billions of dollars” of the \$5 billion debt owed to the United States, and
- (h) referral by Turkey to the International Court of Justice at the Hague of any claims it asserts regarding the Aegean.

The Turkish military and the Turkish Cypriot leader Rauf Denktash rejected negotiations on U.N. Secretary-General Annan’s proposed agreement on Cyprus while

the newly elected President of the Republic of Cyprus, Tasso Papadopoulos, accepted negotiations. In his April 1, 2003 report to the U.N. Security Council, Secretary-General Kofi Annan specifically blamed Mr. Denktash and the Turkish military for the breakdown in the negotiations and stated that Mr. Papadopoulos was ready for negotiations.

Mr. Chairman and members of the Subcommittee, Turkey is the cause of problems and tensions in its region, not the solution. And contrary to comments by certain administration officials that Turkey has been a loyal ally during the Cold War, the truth is that during the Cold War Turkey actually aided the Soviet military on several important occasions.

Attached as Exhibit 1 is my letter to President Bush dated April 29, 2003, which discusses in detail a number of the points raised in this testimony.

For the letters referred to herein and additional relevant letters and statements please see the American Hellenic Institute's web site at www.ahiworl.org.

Thank you.

PREPARED STATEMENT OF THE CENTER FOR INTERCULTURAL EDUCATION AND
DEVELOPMENT, GEORGETOWN UNIVERSITY

Mr. Chairman, ranking member Leahy and members of the subcommittee, thank you for allowing me this opportunity to share with you the success of two programs which have been funded by the Agency for International Development over the years with this Subcommittee's support: the Cooperative Association of States for Scholarships (CASS) and the East Central European Scholarship Program (ECESP). Of course, I am also asking your continued support for these two programs—which were initiated by the Congress. At this critical juncture, as the success of our foreign policy has taken on even greater significance in the context of the war on terrorism, these programs have proven effective in enhancing stability in developing regions. Their success, in fact, argues for their replication in other areas.

While the two programs, CASS and ECESP, take somewhat different approaches and focus on different needs and populations, they share common goals: assisting in efforts to strengthen understanding of the United States and our society abroad, bolstering fledgling democracies and free market economies, and building a well-educated middle class capable of providing leadership in civic society critical to sustaining the economic and political progress of nations facing tremendous challenges.

Just to remind you, CASS provides training to disadvantaged students with demonstrated leadership qualities at U.S. educational institutions. Today, we partner with 20 colleges, universities and community colleges in 12 states. The program provides technical training in agriculture, business, primary education, various industrial technologies, environmental sciences, and health care and infectious disease control. At the same time, it serves to strengthen civic responsibility and leadership skills. CASS has a record of serving groups that historically have been overlooked—women, ethnic minorities, the rural poor and individuals with disabilities, and of providing the right mix of training and placement services to achieve a 98 percent rate of return to their home countries and a 92 percent alumni employment record. Alumni are working in fields that support private sector growth, humanitarian assistance and development objectives of their home countries. There are currently 405 CASS scholars in the United States and nearly 5,000 alumni making real differences every day in their home countries.

Nearly 90 percent of CASS funds are spent in U.S. communities. CASS students engage in the communities where they are hosted, and the program offers, in many instances, the only international presence on their 20 host campuses. You should also know that the host institutions provide a 25 percent local match for the AID funds. I would point out that providing the match is posing a substantial challenge to some of the host institutions as they have seen their state funding reduced as a result of the budget pressures facing state governments of which you are well aware.

The ECESP program provides community and government leaders, administrators, managers and educators in East Central Europe with the knowledge and skill base to facilitate reform and transformation of their societies. This is accomplished through a range of U.S.-based, in-country and regional training programs leading to certificates and, in some instances, degrees. ECESP has identified five goals that characterize its approach: (1) more effective, responsive and accountable systems of local government, (2) stronger institutions fostering democratic decision making and civil society, (3) more efficient social service delivery systems, (4) support for sustainable economic development, and (5) education approaches responsive to local needs in changing environments.

During the first 8 years of its existence, ECESP provided a unique and dynamic educational experience to approximately 700 committed participants in the Czech Republic, Hungary, Poland, and Slovakia. Since 1998, another 673 participants have been trained from Albania, Bulgaria, Macedonia, and Romania with another 50 long-term participants prepared to start training next month.

As is the case with CASS, ECESP funds are overwhelmingly expended in the United States, with 86 percent committed domestically, at U.S. colleges and universities. The program is having the impact that was intended. Its recent evaluation found that "[M]any [ECESP] returnees have taken on important policy roles, high positions in dimensions of public life, key positions in the growing private sector, and significant roles in advocacy and social improvement." It also noted "[L]ong term (U.S. based training) appears to have a substantial impact on the attitude, vision and career path of participants."

I would remind the Subcommittee that the CASS program was conceived as an effective means of responding to the challenges facing Central American nations that had been torn by civil strife during the 1970's and 1980's. ECESP was established in 1990 to assist emerging democracies in Eastern Europe as they grappled with the challenges of governance and institution building, sustainable private sector economic development and development of their human potential with a focus on health care and education. The recent evaluation of CASS found that the program "has a major impact on their (participants') skills and outlook, enhances their employment prospects, and leads to substantially increased income. They become more productive members of their respective countries' economies, and often help others to be more productive." The evaluation of ECESP went so far as to urge that "ECESP should consider discussing with USAID the potential of expanding the program in the future into the most disadvantaged of the former Soviet republics . . . especially the Caucasus, Moldova and the five Central Asian Republics (which) have even greater institutional obstacles to overcome as they move towards more open political and economic systems. The ECESP Program, if it were oriented towards supporting the key institutional transformations in these countries, could provide USAID an additional valuable tool for economic development."

I am pleased to be able to tell you that Georgetown's Center for Intercultural Education and Development is ready to work with you and USAID to continue the mission we have effectively met to date and to expand our services, of course, with modifications necessary to reflect the realities and needs of other nations. We appreciated the support for CASS and ECESP the Subcommittee gave in its report last year. At the same time, we would be gratified to be able to use these models in helping respond to new challenges as we pursue efforts to create environments that will not be receptive to terrorist activity. Just as these programs have proven effective in helping lay the groundwork for stability in Central America, the Caribbean and Eastern Europe, they can quickly be put in place—with appropriate adjustments—to help achieve other U.S. foreign policy objectives at this time.

We are at this point engaged in discussions with USAID about multiyear contract renewals for both programs. While we have had very strong working relationships with relevant USAID officials, the clear and direct support that this Subcommittee has given us over the years has proven very important to our ability to be effective. At this critical juncture, both in terms of the nation's foreign policy priorities and with regard to defining the future of these two programs, we request your continued support in this year's appropriations process.

Thank you.

PREPARED STATEMENT OF THE NATURE CONSERVANCY

We thank the Committee for the opportunity to submit this testimony for the record, expressing our support for the U.S. Government's commitment, within the Foreign Operations appropriation, to international conservation.

The mission of the Nature Conservancy is to preserve the plants, animals, and natural communities that represent the diversity of life on Earth, by protecting the lands and waters they need to survive. In our work outside the United States, we support strong local conservation groups that work to raise the effective level of protection at parks and nature preserves established by the local governments. Our work in the United States and abroad is closely related.

We are a private, non-profit organization. We are in the midst of our largest private capital fund-raising campaign—over \$1 billion so far. One hundred twenty million dollars will be for our work outside the United States. Eighty-four percent of our budget in 2002 was raised from non-governmental sources. But government grants fill a critical need. For example, the assistance we receive through our coop-

erative relationships with the United States Agency for International Development (AID) is vital to our international operations. It is very difficult to raise private dollars for international operating expenses, especially expenses of our foreign partners at the parks. Without AID's support, these programs would be severely damaged.

Our Parks in Peril (PiP) program in Latin America and the Caribbean and our similar efforts in the Asia/Pacific region are widely regarded as among the most successful and respected in the world. These efforts are bringing real protection to more than sixty major "sites"—parks and nature preserves in 27 foreign countries, comprising over 80 million acres. In a typical recent year, AID has supported PiP with about \$6 million. The leverage on the U.S. Government's investment in PiP is very high—more than \$300 million raised by us and by our local partners for conservation work at or near the PiP sites. We have signed a five-year agreement for the next stage of Parks in Peril, under which the program will leverage its proven methodology to many more places. Your Committee has praised Parks in Peril in its past reports, and we hope you will do so again.

We are also grateful for AID's support to our other international projects, especially through the Global Conservation Program (GCP) and through the President's Initiative Against Illegal Logging. The GCP, for example, helps pay for our work on the coral reef that surrounds Komodo Island in Indonesia: for park rangers, marine patrol boats to enforce the ban on destructive fishing, and alternative development projects for local people.

AID's support to biodiversity is by far the largest portion of all U.S. Government funding to international conservation: \$145 million in fiscal year 2003. Your Committee has long supported AID's biodiversity work. The Administration's requested level for the foreign affairs function in fiscal year 2004 is up, but naturally most of the increase is driven by the war on terrorism and the Middle East situation. We recognize the need for priorities at this moment of national crisis. In view of the new resources being made available to AID, we strongly urge the Committee to provide clear guidance to AID that investment in conservation of global biodiversity should at the least not decline.

The Tropical Forest Conservation Act (TFCA), also known as the Portman Act, is also funded within Foreign Operations. The Administration has requested \$20 million for fiscal year 2004, in the Treasury account. The TFCA uses debt reduction deals to create long-term income streams to protect forests. We strongly support this request. The Conservancy donated more than \$1 million to the TFCA deal with Belize, about \$400,000 to the deal with Peru, and expects to donate \$1 million to the deal now under discussion with Panama. These debt-for-forest deals leverage the U.S. taxpayers' dollar: typically, there is about \$2 of conservation benefit for each \$1 of appropriated funds. If TFCA gets the full \$20 million, it will be possible to do perhaps four deals beyond Panama, including such countries as Jamaica, Ecuador, and Colombia. We stand willing to donate our own private funds in each case.

Finally, I note that the Global Environment Facility (GEF) is the largest single source of biodiversity conservation funds in the world, leveraging U.S. Government contributions four-to-one. We welcome the Administration's decision to seek \$184 million for the GEF, enough for the current U.S. pledge and a substantial payment toward the arrears. We urge the Committee to approve this request in full.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF SEEDS OF PEACE

My name is Aaron David Miller. I am president of Seeds of Peace. In that capacity, I want to thank you and the other members of this committee for the opportunity to talk briefly about an extraordinary organization that works toward coexistence and peace for young people caught in conflict.

For the past 24 years, I served as an advisor on Arab-Israeli negotiations to six Secretaries of State. I helped Secretary of State James Baker plan for the Madrid Conference in 1991; assisted President Clinton and Secretary Albright at Camp David in 2000; and for the past 2 years, until January 2003, worked for Secretary Powell.

There are many reasons for the current crisis between Arabs and Israelis; and it is not appropriate to review them here. Based on the last two decades of my experience in negotiations, one thing is fundamentally clear: while only governments can negotiate agreements, only people can define the character and quality of real peace. Sadly neither Arabs, Israelis, nor Americans have invested sufficiently in people to people programs and in efforts to create the private and public relationships between individuals so essential to supporting the formal diplomacy.

This is particularly true when it comes to young people. As mediators, we did not focus either in the socialization and education of young people in conflict. Unless we invest in the next generation and try to create options for them other than conflict, we risk losing the future. When the peace process resumes—and it will—we as a government must take much more seriously the efforts of non-governmental organizations such as Seeds of Peace in helping to build that future.

Today, I would like to briefly address two issues. What Seeds of Peace has accomplished and is continuing to accomplish every day; and why congressional support for our efforts is now more critical than ever.

Created in 1993 by the late John Wallach, Seeds of Peace is a non-political organization that does practical coexistence work for young people caught up in four of the world's most difficult conflicts—the Middle East, South Asia (India, Pakistan, Afghanistan), Cyprus, and the Balkans. In its first decade, more than two thousand young people, the vast majority from the Arab-Israeli arena, have been through our programs. These programs begin with a three and a half week experience at our camp in Maine and continue all year round at our Center for Coexistence in Jerusalem and through reunions and conferences. In essence, we have created a stream of programming which tracks and follows our young people from the time they enter camp at the age of 14 through their university years.

Seeds of Peace aims to accomplish three basic objectives.

First, we provide young people with the environment and skills to emerge as leaders of their generation. We draw on teenagers from a wide variety of political, social, economic, and religious backgrounds, in large part from the mainstreams of their respective societies. It is here, in the center, not on the margins of political life, where leaders capable of making peace are born. The fact that these young people come to our camp in delegations representing their respective governments gives them additional standing and credibility as future leaders. Our 1993 "Seeds" graduates are now 23 years old; many are winning awards, pursuing either practical or academic work in coexistence, and emerging as young leaders. It is more than likely that one or more of these young people will become a president, prime minister, foreign minister, or leading parliamentarian in their countries.

Second, Seeds of Peace provides these young leaders with the skills required for coexistence and peace-making. Seeds of Peace is not about kids singing songs and planting flowers in the woods. It is about serious and painful coexistence sessions under the guidance of professional facilitators, where anger, hatred, and stereotypes are aired and overcome. These young ambassadors learn how to listen, how to negotiate, how to empathize, and above all, how to respect one another as individuals. It is here that friendships and trust are born.

Third, Seeds of Peace creates hope and possibility amidst fear and despair. This is not a question of striving for an unattainable ideal. Instead, we offer young people, trapped in bitter and violent conflict, a practical alternative—a pathway that is positive and empowering and that leads them away from violence into dialogue and understanding. Our young people reject violence. In a decade, we have lost only one young man to violence, and he, one of our brightest and most extraordinary "Seeds," was caught in tragic circumstances not of his making.

Today, Seeds of Peace is more important than ever. Two and a half years of non-stop Israeli-Palestinian confrontation have put at risk an entire generation of young Israelis, Palestinians, and Arabs. Throughout this period, our Center in Jerusalem continues to do extraordinary work. Of the one hundred and twelve Israelis and Palestinians who participated in our 2002 camp session in Maine, ninety-five are still involved in bi-weekly coexistence sessions in Jerusalem. In December 2002, one hundred and twenty Israelis and Palestinians gathered at Kibbutz Yahel; in February of this year, sixty Palestinians gathered in Jericho for a Seeds of Peace seminar. Our camp planning for the summer of 2003 is well under way with the selection process already working in Israel, the West Bank/Gaza, Egypt, Jordan, Yemen, Qatar, Tunisia, Morocco, India, Pakistan, Afghanistan, Cyprus, and the Balkans.

Against the backdrop of war and confrontation, Seeds of Peace continues to train leaders, empower them with skills, and maintain hope. Moreover, as an American organization, Seeds of Peace is also a critical window through which young people can get an accurate and objective look at America. The camp experience in Maine, trips to Washington, where they meet with the President, Congress, and the Secretary of State, expose young people from all over the world to America at its best—to its openness, its tolerance, and its diversity. We have one hundred Seeds of Peace graduates currently studying at U.S. universities and colleges.

Moreover it is critical to America's image in the world that we be perceived as deeply engaged in peace making efforts and in promoting dialogue and understanding particularly among young people. We want people to see us as proactively involved in pursuing solutions to some of the world's most difficult problems. As an

American organization with internationally recognized credentials, real credibility, and a proven track record, Seeds of Peace is uniquely positioned to accomplish these objectives. This will be critically important, particularly in the wake of war with Iraq.

The role of Congress is critical to our efforts. In our early years, we refrained from seeking U.S. Government support. In the late 1990's our programming needs expanded to the point where additional assistance was required. In fiscal year 2000, Seeds of Peace received an award from USAID and the Department of State of almost \$700,000 because of language in the Conference Report attached to the fiscal year 2000 Foreign Operations Bill. In fiscal year 2002, we received a second award of \$547,000 with \$203,000 still pending. This funding was critical to the success of our programs, particularly in Jerusalem, where we do most of our on the ground follow up.

The need to do this follow up is critical to the success of our program. In the end, coexistence will only be sustained if it can survive, not in the woods of Maine, but in the neighborhood where Arabs and Israelis interact daily. The attached budget in our request for fiscal year 2004, reflects this reality and is directed in large part to funding our Center in Jerusalem, expanding a regional presence in Amman and Cairo, working with our Delegation Leaders (the adult educators who accompany the youngsters), to bring additional young people to camp, and for non-Middle East programming. Toward that end, for fiscal year 2004, we are seeking \$1 million in U.S. Government funding.

Seeds of Peace represents something rare and unique: It gives us all a glimpse of what the future could be, a future based not on hatred and intolerance, but on respect, tolerance, and ultimately on peace. I have been given a unique opportunity to nurture this very special gift. And with your help Seeds of Peace will continue to grow and to bring us one step closer to the better world to which we all aspire.